



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

0002

July 1, 2009

CERTIFIED RETURN RECEIPT

7003 2260 0002 0247 8225

Bruce Evans
Nephi Sandstone Corporation
1250 North 200 West
P. O. Box 137
Nephi, Utah 84648

Subject: Notice of Cancellation/Termination of Reclamation Surety Bond Number
Nephi Sandstone Corporation, Cedar Springs Mine, M/023/0059, Juab County, Utah

Dear Mr. Evans:

Please review the enclosed Notice of Cancellation from Travelers Casualty and Surety Company of America indicating the surety bond in the amount of \$30,000.00 is being cancelled in accordance to the provisions of the bond. According to the terms of the surety bond, the insurance company may elect not to renew as long as a ninety (90) day notice is given to the Division. These terms have been met; therefore, effective October 3, 2009, the surety bond will be cancelled. Paragraph 2 of the Reclamation Contract, states the operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice.

You are hereby advised that the Division must receive a replacement form of surety on or before August 8, 2009 or the Division will be forced to do any/some of the following:

- Carry out the terms of surety bond number 1
- Submit a request to the Board of Oil, Gas and Mining to withdraw the permit
- Order the cessation of mining operations
- Order immediate reclamation of all lands affected

The Division recognizes the statement in the cancellation notice that the account has been re-marketed with another surety company, but we have yet to receive the replacement surety.

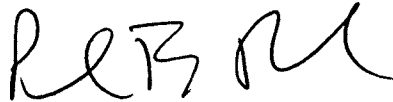


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Bruce Evans
Page 2 of 2
M/023/0059
July 1, 2009

If you have questions or require assistance regarding the surety, please contact Penny Berry (801) 538-5291 or email bondcoordinator@utah.gov . Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Baker', with a stylized flourish at the end.

Paul Baker
Minerals Program Manager

PBB:pb

Cc: Travelers Casualty and Surety Company of America
P:\GROUPS\MINERALS\WP\M023-Juab\M0230059-Cedarsprings\final\bond-cancel-ltr07012009.doc

Date: June 08, 2009

UT DEPT OF NATURAL RESOURCES
DIVISION OF OIL, GAS & MINING 145801
1594 W. NORTH TEMPLE, STE 1210
SALT LAKE CITY, UT 84114Office at: 1100 East 6600 South, Suite 500, SALT
LAKE CITY, UT 84121**CANCELLATION NOTICE**

License No. _____

RE: NEPHI SANDSTONE CORP DANSIE AND DANSIE INC
1250 N 300 WEST
NEPHI, UT 84648

Bond No. _____

Former Bond No. _____

Type of Bond/Policy: Reclamation - Cedar Springs Mine

You are hereby notified that this Company elects to cancel the above captioned bond required by the

UT DEPT OF NATURAL RESOURCESThis cancellation is to take effect on October 3, 2009, in accordance with the terms of said Bond or Policy.This account has been re-marketed with another Surety company. Please forward your acceptance of
cancellation. Thank you. State of Utah - Oil, Gas, & Mining Division - CMR 7005 1160 0005 1904 6706.Travelers Casualty and Surety Company of AmericaBy: 

Attorney-in-Fact

RECEIVED

JUN 09 2009

DIV. OF OIL, GAS & MINING

ATTACHMENT B

FORM MR-5
January 19, 2000

Bond Number *File*
Permit Number m/023/059
Mine Name Cedar Springs

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Nephi Sandstone Corporation, as Principal, and
Travelers Casualty and Surety Company of America, as Surety, hereby jointly
and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly
and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum
of Thirty Thousand and NO/100** dollars (\$ 30,000.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division on
the day of , 20 , that Seven (7) acres of land will be
disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation
Act, and complied with the Rules and Regulations adopted in accordance therewith, then this
obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations,
then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the
area disturbed or the extent of disturbance, then, the Division may require that the amount of this
Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the
Division and Principal of written notice of such cancellation. Surety's liability shall then, at the